Testimony of Andrew P. Bell
W.T. Dozier Farm Inc.
Before the U.S. House of Representatives Committee on Agriculture
May 15, 2010

Mr. Chairman, and Members of the Committee, on behalf of the rest of agricultural producers in central and southeastern Alabama, thank you for this opportunity to speak with you briefly regarding the future direction of farm policy. I would also like to acknowledge and say thank you to Congressman Bright and his staff for their hard work and attention to production agriculture.

I would like to begin by saying that those of us in the production agriculture community are very appreciative of the tools that we were provided with in the 2008 Farm Bill.

However, market conditions have changed since this bill was drafted, and I would like to share some of the difficulties that I and many of my colleagues have been faced with over the last several years. I am hopeful that aspects that have become dated might be considered for revision in the next farm bill.

In my immediate production area the four major crops are cotton, corn, soybeans, and cattle. All four crops have a common problem: finding a way to grow them at a profit. Cotton probably deserves the most consideration because it is best suited for our environment and we consume approximately 19.8 million bales of finished goods in the US. However, we only consume 3.5 million bales with our domestic mills. This represents a great deal of value enhancement and jobs that have been taken from the US market and distributed overseas.

Since 2003 we have had a **72 %** net increase in the cost of cotton production. Fuel is by far the leader with a 330 % individual input cost increase. To make matters worse the 2009 cotton crop sold for 13 % less than the 2003 crop.

For the last **seven** crop years (2003-2009) we have had **five** weather related crop failures. 2003-flood, 2006-2008 droughts, 2009-35" above normal rainfall. Failure is defined by lack of profit.

Based on a longer span of history, we typically experience a 20% (1 out of 5 years) failure rate due to weather.

With such a drastic decrease in cotton prices coupled with skyrocketing production costs and unreliable weather conditions, life has become much harder for the average cotton producer. The risks facing production agriculture are at historic levels.

Target prices set the value of the commodity and with the current cost of production cotton costs 87 cents/lb. at a target value of .7125 cents/lb. at 83.3 % of base acres. It will also require a yield at the upper end of our yield history to accomplish a profit. Furthermore it will take a 5 % profit over four years just to overcome a 20% weather failure (common loss for 2009) in the fifth year of our historic weather cycle for this area. That is with no inflation.

In 2009 we harvested a cotton crop that was 69 % of a normal crop based on our historic production. At this point we did an analysis of the last six years to determine whether we would have been better off purchasing CRC insurance coverage as opposed to catastrophic coverage. We then determined that at a 75 % coverage level Enterprise units we would have paid $22,000 more in premiums per year than insurance would have paid in claims. Under the Optional units we would have paid $471,000 more in premiums per year than insurance would have paid in claims. So, from my vantage point there is no safety net with the CRC coverage. Also, the input suppliers want to be paid immediately rather than some future point in time as with other disaster assistance programs.

This environment creates several points of interest that need to be addressed.

The greatest need for today's farmer lies in addressing the relationship between cost and income. The input suppliers seem to have no restraints in setting the value of their product. The value of the commodities are established by the target price which had no inflation factor tied to the value creating an environment where there is no reasonable way to produce a yield large enough to compensate for a 72% increase in production cost. Cotton would need to be $1.22 /lb to maintain the same expense/income relationship from 2003. We ask that you please consider this when you establish the target prices and also consider some tool to keep the value in step with inflation. With no expectation for profit, the industry will certainly disappear.

Second, production agriculture needs a workable safety net that can be implemented in a timely manner and be effective in dealing with the weather variable. As I mentioned earlier we have weather failures approximately 20% of the time. The financial risk is so great that one bad year can effectively collapse the business. Farming is a continual process in that we are working on the current crop as well as future crops at the same time. This environment creates a Day by Day Scenario which does not work in farming because it requires a great deal of forward planning and the timing of operations is critical when dealing with the weather.

Third, government payments seem to have an adverse effect in some cases. The payments either do not make it to the actual entity that is incurring the risk to produce the crop, or they cause more expense (higher land rents, higher input costs, etc.).If production agriculture was offered realistic target values tied to inflation and produced a certain percentage of their historic base depending on what the USDA deemed to be strategically important for this country, then the portion that is not needed could be eliminated. If the population is to double by 2050 then this will be needed. But in general production

agriculture can not continue to survive in this environment. The electrical and water utilities are not expected to provide their products under these types of circumstances and a safe and abundant food and fiber supply is as important to survival as is electricity.

Fourth, if Alabama received a larger proportion of natural resources funding than it has historically then it too could develop its natural resources to the level of its neighboring states. It would also provide a tremendous risk management tool (irrigation hedging a drought, etc.). I should also mention that Alabama has yet to recognize an opportunity in the production of alternative energy sources as well. With fuel costs increasing 330% over the last six years Alabama farmers would benefit greatly from this.

Since January 1976 agricultural trade has maintained a trade surplus 98 % of the time. That speaks for itself.
I hope and pray that we are able to save this vital sector in our economy because production agriculture cannot survive under the current circumstances.
Thank you for your time today.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. **Name:** Andrew Philip Bell

2. **BusinessAddress:** 12485 Rifle Range Road
Tallassee, AL 36078

3. **Business Phone Number:** (334) 567-3188

4. **Organization you represent:** W.T. Dozier Farm Inc.

5. **Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:**
1995 to Present W.T. Dozier Farm Inc.
A commercial farming operation consisting of cotton,corn,
soybeans, cattle and hay

6. **Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:**
Bachelor of Science degree in Agricultural Economics from
Auburn University

7. **If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:**
President of W.T. Dozier Farm Inc.

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Andrew Philip Bell

Address: 12485 Rifle Range Road Tallassee, AL 36078

Telephone: (334) 567-3188

Organization you represent (if any): W.T. Dozier Farm Inc.

1. **Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

Source: NONE **Amount:**

Source: NONE **Amount:**

2. **If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:**

Source: NONE **Amount:**

Source: NONE **Amount:**

Please check here if this form is NOT applicable to you: X

Signature: Andrew P. Bell

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

COTTON
BUDGET 2010

REVENUES:	YIELD	PRICE	TOTAL
LINT SALES 1050	943950	0.75	707962.5
LDP	0	0	0
DIRECT,COUNTER CYC.	864750	0.0675	58370.625
TOTAL			766333.13

EXPENSES:	$/ACRE	ACRE	TOTAL
LIME	12.5	899	11237.5
FERTILIZER	78	899	70122
NITROGEN	31	899	27869
SEED	20	899	17980
TECHNOLOGY FEE	65	899	58435
HERBICIDES	61	899	54839
IN FURROW	15	899	13485
INSECTICIDES	18	899	16182
GROWTH REGULATORS	1.5	899	1348.5
BORON	2.02	899	1815.98
DEFOLIANTS	17	899	15283
BWEP	3.5	899	3146.5
GINNING	53	899	47647
FREIGHT	23	899	20677
CONSULTANTS	0.5	899	449.5
EQUIPMENT(VARIABLE)	89.27252503	899	80256
LABOR	89.70717464	899	80646.75
PAYROLL TAXES	6.86259886	899	6169.4764
FUEL	59.29	899	62154.821
SUPPLIES	2.224694105	899	2000
WATER	0.75	899	674.25
OVERHEAD	154.0114565	899	138456.3
INTEREST	46.63465501	899	41924.555
LAND RENT	60	899	53940
LAND RENT ADJ PAL	-16.25	899	-14608.75
IRRIGATION SUPPLIES	10.66963293	899	9592
TOTAL OPERATING EXPENSES	904.192737		821722.38

EXCESS (DEFICIT) REVENUE OVER EXPENSES	-55389.26

COTTON
BUDGET 2003

	YIELD	PRICE	TOTAL
REVENUES:			
LINT SALES	1433100	0.65	931515
SEED SALES	1003.17	85	85269.45
TOTAL			1016784.5

	$/ACRE	ACRE	TOTAL
EXPENSES:			
LIME	5.6	1686	9441.6
FERTILIZER	26	1686	43836
NITROGEN	20	1686	33720
SEED	11.75	1686	19810.5
TECHNOLOGY FEE	10.31	1686	17382.66
HERBICIDES	39.66	1686	66866.76
IN FURROW	14.26	1686	24042.36
INSECTICIDES	11.08	1686	18680.88
GROWTH REGULATORS	9.27	1686	15629.22
BORON	2.02	1686	3405.72
DEFOLIANTS	11.03	1686	18596.58
BWEP	5	1686	8430
GINNING	74	1686	124764
FREIGHT	11.16	1686	18815.76
CONSULTANTS	4	1686	6744
EQUIPMENT(VARIABLE)	43.79233534	1686	73833.877
LABOR	53.64213128	1686	90440.633
PAYROLL TAXES	4.103623043	1686	6918.7085
FUEL	17.77833728	1686	29974.277
SUPPLIES	1.779359431	1686	3000
WATER	0.75	1686	1264.5
OVERHEAD	105.0834958	1686	177170.77
INTEREST	13.98229249	1686	23574.145
LAND RENT	30	1686	50580
TOTAL OPERATING EXPENSES	526.0515746		886922.95
EXCESS (DEFICIT) REVENUE OVER EXPENSES			129861.5

INSURANCE EVALUATION

		CRC			Optional Unit				Enterprise			
		Acres	Production	Yield	Per/Acre Loss	Total Loss	Per/Acre Premium	Total Premium	Per/Acre Loss	Total Loss	Per/Acre Premium	Total Premium
Year	2000	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Year	2001	370.0	452,784.0	1,223.7	$ 33.92	$ 12,552	$ 94.12	$ 34,824	$ 33.10	$ 12,247	$ 35.44	$ 13,112
Year	2002	400.0	334,151.0	835.4	$ -	$ -	$ 83.77	$ 33,507	$ -	$ -	$ 31.54	$ 12,615
Year	2003	337.0	310,109.0	920.3	$ -	$ -	$ 88.61	$ 34,290	$ -	$ -	$ 33.27	$ 12,876
Year	2004	1,570.0	1,359,563.0	866.0	$ 57.09	$ 89,639	$ 91.02	$ 142,900	$ 57.10	$ 89,647	$ 33.82	$ 53,096
Year	2005	1,427.0	1,253,477.0	878.4	$ -	$ -	$ 88.16	$ 221,522	$ -	$ -	$ 31.62	$ 45,116
Year	2006	1,370.0	1,395,947.0	1,018.9	$ 6.44	$ 8,826	$ 90.61	$ 124,133	$ -	$ -	$ 33.60	$ 46,085
Year	2007	779.0	638,024.0	1,075.8	$ -	$ -	$ 94.13	$ 73,326	$ -	$ -	$ 34.97	$ 27,241
Year	2008	1,521.0	1,444,396.0	949.6	$ 109.58	$ 166,687	$ 92.91	$ 141,350	$ 109.60	$ 166,702	$ 34.55	$ 52,569
Year	2009	1,236.0	829,557.0	671.2	$ 53.25	$ 65,814	$ 88.18	$ 109,113	$ 9.60	$ 11,866	$ 32.82	$ 40,582
				Total	$ 33	$ 343,498	$ 90	$ 815,063	$ 31	$ 280,461	$ 33	$ 303,272
				Net Per/Acre	$ (52)				$ (2.62)			
				Net Total	$ (471,567)				$ (22,811)			

	Optional	Enterprise
Coverage Level:	0.75	0.75
High/Low:	0.772	
T-Yield	782.0	

The 75% EU option was the most consistent (Best) protection for the price. The premium difference between OU and EU makes the difference each year.

CLEMSON EXTENSION

Department of Applied Economics and Statistics

Phone: 864-656-3475

CORN FOR GRAIN - IRRIGATED - CONSERVATION TILLAGE (ROUNDUP READY)
ESTIMATED COSTS AND RETURNS PER ACRE, 2010/2011
160 BUSHEL YIELD, 100 ACRE CENTER PIVOT - 6" OF WATER

	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL PER ACRE	YOUR FARM
1. GROSS RECEIPTS					
CORN	BU.	160.00	$4.00	$640.00	
TOTAL RECEIPTS:				**$640.00**	
2. VARIABLE COSTS					
SEED	THOU.	28.00	$3.20	$89.48	
FERTILIZER					
NITROGEN	LBS	190.00	$0.71	$134.90	
PHOSPHATE	LBS	60.00	$0.61	$36.60	
POTASH	LBS	60.00	$0.55	$33.00	
LIME (PRORATED)	TON	0.50	$51.50	$25.75	
HERBICIDES	ACRE	1.00	$30.70	$30.70	
INSECTICIDES	ACRE	1.00	$11.15	$11.15	
IRRIG., MACH & LABOR	ACRE	1.00	$48.16	$48.16	
DRYING (3 POINTS)	BU.	169.33	$0.15	$25.40	
HAULING	BU.	160.00	$0.40	$64.00	
TRACTOR/MACHINERY	ACRE	1.00	$25.58	$25.58	
LABOR	HRS	1.82	$6.50	$11.83	
INTEREST ON OP. CAP.	DOL.	$217.65	9.0%	$19.59	
TOTAL VARIABLE COSTS:				**$556.12**	
3. INCOME ABOVE VARIABLE COSTS:				**$83.88**	
4. FIXED COSTS					
TRACTOR/MACHINERY	ACRE	1.00	$42.55	$42.55	
IRRIGATION	ACRE	1.00	$99.37	$99.37	
TOTAL FIXED COSTS:				**$141.92**	
5. OTHER COSTS					
LAND RENT	ACRE	1.00	$25.00	$25.00	
GENERAL OVERHEAD	DOL.	$556.12	9.0%	$50.05	
TOTAL OTHER COSTS:				**$75.05**	
6. TOTAL COSTS:				**$773.09**	
7. NET RETURNS TO RISK AND MANAGEMENT:				**-$133.09**	

BREAK-EVEN YIELD			**BREAK-EVEN PRICE**	
VARIABLE COSTS	136	BU.	VARIABLE COSTS	$3.48
TOTAL COSTS	199	BU	TOTAL COSTS	$4.83

* PLEASE NOTE: THIS BUDGET IS FOR PLANNING PURPOSES ONLY

CORN FOR GRAIN - IRRIGATED - CONSERVATION TILLAGE (ROUNDUP READY)

PER ACRE MACHINERY AND LABOR REQUIREMENTS FOR 160 BUSHEL IRRIGATED CORN

MONTH	OPERATION	TIMES OVER	LABOR HOURS	MACHINE HOURS	VARIABLE COSTS	FIXED COSTS
3	SUBSOILER-PLANTER 6-ROW	1.00	0.20	0.18	$7.34	$8.93
4	HERBICIDE APPLICATOR 16'	1.00	0.12	0.11	$1.58	$1.32
4	FERTILIZER SPREADER	1.00	0.13	0.12	$1.85	$4.54
9	COMBINE W/ HEADER	1.00	0.36	0.33	$14.81	$27.76
PER ACRE TOTALS FOR SELECTED OPERATIONS			0.81	0.74	25.58	42.55
UNALLOCATED LABOR(HRS./AC.)			1.01			

INCOME ABOVE VARIABLE COSTS AT DIFFERING YIELDS AND PRICES

YIELD	PRICE ($/bu.)				
BU.	$3.60	$3.80	$4.00	$4.20	$4.40
144	-$28.78	$0.02	$28.82	$57.62	$86.42
152	-$4.45	$25.95	$56.35	$86.75	$117.15
160	$19.88	$51.88	$83.88	$115.88	$147.88
168	$44.21	$77.81	$111.41	$145.01	$178.61
176	$68.54	$103.74	$138.94	$174.14	$209.34

CHEMICAL USE ASSUMPTIONS FOR 160 BUSHEL IRRIGATED CORN

	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL PER ACRE	MONTH
HERBICIDES:					
glyphosate (Roundup ultra)	QT	1.00	$13.75	$13.75	X MAR. 1X APR
s-metolachlor+atrazine (Bicep)	QT	1.30	$8.74	$11.36	MAR
atrazine (Aatrex)	QT	1.00	$3.89	$3.89	APR
carfentrazone (Aim)	OZ	1.00	$1.70	$1.70	MAY
INSECTICIDES:					
terbufos (Counter)	LB	5.00	$2.23	$11.15	MAR
TOTAL:				$41.85	

The above listed chemicals are examples and do not imply exclusive recommendations by Clemson University. The "Pest Management Handbook" must be consulted. Production assumptions provided by Pawel Wiatrak, (803) 284-3343, pwiatra@clemson.edu

CLEMSON EXTENSION

Department of Applied Economics and Statistics Phone: 864-656-3475

COTTON - CONVENTIONAL TILLAGE, IRRIGATED

ESTIMATED COSTS AND RETURNS PER ACRE, 2010/2011
1000 POUND YIELD, 100 ACRE CENTER PIVOT – 6" OF WATER

	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL PER ACRE	YOUR FARM
1, GROSS RECEIPTS					
COTTON LINT	LBS	1000.00	$0.6500	$650.00	
COTTON SEED	LBS	1670.00	$0.0900	$150.30	
TOTAL RECEIPTS:				**$800.30**	
2. VARIABLE COSTS					
SEED	LBS	10.00	$2.00	$20.00	
FERTILIZER					
NITROGEN	LBS	100.00	$0.71	$71.00	
PHOSPHATE	LBS	60.00	$0.61	$36.60	
POTASH	LBS	60.00	$0.55	$33.00	
BORON	LBS	0.50	$1.13	$0.57	
SULFUR	LBS	10.00	$0.31	$3.10	
LIME (PRORATED)	TON	0.33	$51.50	$17.00	
HERBICIDES	ACRE	1.00	$36.58	$36.58	
INSECTICIDES	ACRE	1.00	$55.05	$55.05	
DEFOL. & GROWTH REGULATOR	ACRE	1.00	$14.75	$14.75	
SCOUTING	ACRE	1.00	$8.50	$8.50	
IRRIGATION, MACHINERY & LABOR	ACRE	1.00	$55.15	$55.15	
AERIAL APPLICATION	APPL	3.00	$6.00	$18.00	
GINNING	LBS	1000.00	$0.12	$120.00	
HAULING	ACRE	1.00	$6.50	$6.50	
CHECK-OFF FEE	ACRE	1.00	$5.50	$5.50	
BOLL WEEVIL ERADICATION	BALE	2.08	$1.92	$4.00	
CROP INSURANCE	ACRE	1.00	$20.00	$20.00	
TRACTOR/MACHINERY	ACRE	1.00	$81.10	$81.10	
LABOR	HRS	5.69	$6.50	$36.99	
INTEREST ON OP. CAP.	DOL	$225.20	9.0%	$20.27	
TOTAL VARIABLE COSTS:				**$663.66**	
3. INCOME ABOVE VARIABLE COSTS:				**$136.64**	
4, FIXED COSTS					
TRACTOR/MACHINERY	ACRE	1.00	$91.78	$91.78	
IRRIGATION	ACRE	1.00	$105.66	$105.66	
TOTAL FIXED COSTS:				**$197.44**	
5, OTHER COSTS					
LAND RENT	ACRE	1.00	$25.00	$25.00	
GENERAL OVERHEAD	DOL	$663.66	9.0%	$59.73	
TOTAL OTHER COSTS:				**$84.73**	
6, TOTAL COSTS:				**$945.83**	
7. NET RETURNS TO RISK AND MANAGEMENT:				**-$145.53**	

BREAK-EVEN YIELD			**BREAK-EVEN PRICE**	
VARIABLE COSTS	798	LBS	VARIABLE COSTS	$0.5134
TOTAL COSTS	1219	LBS	TOTAL COSTS	$0.7955

* PLEASE NOTE: THIS BUDGET IS FOR PLANNING PURPOSES ONLY

COTTON - CONVENTIONAL TILLAGE, IRRIGATED

PER ACRE MACHINERY AND LABOR REQUIREMENTS 1000 LBS COTTON - CONV. TILLAGE - IRR

MONTH	OPERATION	TIMES OVER	LABOR HOURS	MACHINE HOURS	VARIABLE COSTS	FIXED COSTS
3	LIGHT DISKING W/ HERBICIDE	1.00	0.17	0.15	$3.37	$3.47
3	SUBSOILER-BEDDER 8-ROW	1.00	0.13	0.12	$5.32	$5.49
5	DO-ALL FIELD CONDITIONER 8-ROW	1.00	0.10	0.09	$2.47	$2.08
5	PLANTER W/ SPRAYER 8-ROW	1.00	0.13	0.12	$3.76	$5.28
5&6	CULTIVATOR W/ HERBICIDE 8-ROW	3.00	0.33	0.30	$5.85	$6.18
5	TRACTOR MTD SPRAYER	1.00	0.18	0.16	$1.71	$1.81
6,7&8	HIBOY	4.00	0.26	0.24	$7.96	$15.20
10	COTTON PICKER 4-ROW	1.00	0.42	0.38	$39.03	$40.46
10	COTTON MODULE BUILDER	1.00	0.12	0.11	$2.79	$2.43
10	BOLL BUGGY	1.00	0.37	0.34	$6.06	$6.83
11	ROTARY MOWER 7'	1.00	0.32	0.29	$2.75	$2.55
PER ACRE TOTALS FOR SELECTED OPERATIONS			2.53	2.30	$81.10	$91.78
UNALLOCATED LABOR(HRS./AC.)			3.16			

INCOME ABOVE VARIABLE COSTS AT DIFFERING YIELDS AND PRICES

YIELD (LBS)		PRICE ($/lbs.)				
LINT ---->>		$0.5200	$0.5850	$0.6500	$0.7150	$0.7800
SEED ---->>		$0.0720	$0.0810	$0.0900	$0.0990	$0.1080
800	1336	-$126.67	-$82.64	$1.38	$65.40	$129.43
900	1503	-$75.04	-$3.02	$69.01	$141.04	$213.06
1000	1670	-$23.42	$56.61	$136.64	$216.67	$296.70
1100	1837	$28.20	$116.24	$204.27	$292.30	$380.34
1200	2004	$79.83	$175.86	$271.90	$367.94	$463.97

CHEMICAL USE ASSUMPTIONS FOR 1000 LBS COTTON - CONV. TILLAGE - IRR

	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL PER ACRE	MONTH
HERBICIDES					
trifluralin (Treflan EC)	PT	1.50	$3.10	$4.65	MAR
fluometuron (Cotoran)	QT	1.00	$9.42	$9.42	MAY
pyrithiobac (Staple)	OZ	0.60	$7.15	$4.29	MAY
MSMA	GAL	0.32	$21.25	$6.80	2X JUN
prometryn (Caparol)	PT	2.40	$4.76	$11.42	2X JUN
INSECTICIDES					
aldicarb (Temik)	LB	5.00	$3.48	$17.40	MAY
acephate (Orthene)	OZ	3.00	$0.72	$2.17	MAY/JUN
cyfluthrin (Baythroid)	OZ	10.00	$2.11	$21.10	4X JUL/AUG
spinosad (Tracer)	OZ	2.00	$7.19	$14.38	JUL
GROWTH REGULATOR & DEFOLIANTS					
mepiquat chloride (Pix)	OZ	16.00	$0.18	$2.94	2X JUN/JUL
ethephon (Prep)	PT	1.33	$4.45	$5.92	SEP
tribufos (Folex)	PT	1.00	$5.89	$5.89	SEP
TOTAL:				$106.38	

The above listed chemicals are examples and do not imply exclusive recommendations by Clemson University. The "Pest Management Handbook" must be consulted. Production assumptions by Michael A. Jones, Extension Specialist, (843) 669-1912, majones@clemson.edu.

COTTON Irrigated- Enterprise Planning Budget Summary
Estimated Costs Per Acre Note: To customize this budget, you may change the any numbers
Following Recommended Management Practices **Yield Goal** 1200 Pounds per Acre
ALABAMA, 2010

NOTE: The following costs are estimates, Actual costs and quantities will vary from farm to farm, The most important information will be contained in the "Your Farm " column that you provide.

	UNIT	QUANTITY	PRICE OR COST/UNIT	TOTAL PER ACRE	YOUR FARM
1. VARIABLE COSTS					
Seed	BAG	0.15	150.00	23.07	
Seed Treatment	BAG	0.15	120.00	18.46	
Tech Fee (RF/BG2)	BAG	0.15	412.00	63.37	
Fertilizer					
Nitrogen	UNITS	120.00	0.50	60.00	
Phosphate	UNITS	80.00	0.35	28.00	
Potash	UNITS	80.00	0.42	33.60	
Micronutrients					
Lime (Prorated)	TONS	0.33	30.00	9.90	
Herbicides					
Burndown	ACRE	1.00	18.00	18.00	
Post	ACRE	1.00	12.00	12.00	
Lay-By	ACRE	1.00	12.00	12.00	
Insecticides					
Planting	ACRE	0.00	12.00	0.00	
Early Season	ACRE	1.00	5.00	5.00	
Mid Season	ACRE	0.25	18.00	4.50	
Late Season	ACRE	1.00	4.00	4.00	
Systemic Fungicides	ACRE	0.00	2.00	0.00	
Growth Regulator	OZ.	13.33	0.75	10.00	
Defol/Harvest Aid	ACRE	1.00	15.00	15.00	
Consultant/Scouting Fee	ACRE	0.00	6.00	0.00	
Irrigation	AC/IN	8.00	12.00	96.00	
Gin/Whse. Net of seed value	ACRE	1.00	7.50	7.50	
Crop Insurance	ACRE	1.00	25.00	25.00	
Aerial Application	ACRE	2.00	9.00	18.00	
Boll Weevil Eradication	ACRE	1.00	3.00	3.00	
Cover Crop Establishment.	ACRE	1.00	25.00	25.00	
Land Rent	ACRE	0.00	80.00	0.00	
Labor (Wages & Fringe)	HOUR	6.25	8.25	51.56	
Tractor/Machinery	ACRE	1.00	55.00	55.00	
Interest on Operating Capital	DOL.		0.0750	22.42	
TOTAL VARIABLE COST				**$620.38**	
(Approximate Range per Acre : $300 to $750)					
2. FIXED COSTS					
Tractor/Machinery	ACRE	1.00	90.00	90.00	
Irrigation	ACRE	1.00	125.00	125.00	
Land Ownership Cost	ACRE	1.00	0.00	0.00	
General Overhead	DOL.	620.38	0.08	49.63	
TOTAL FIXED COSTS				**264.63**	
(Approximate Range per Acre : $80 to $300)					
3. TOTAL COST OF ALL SPECIFIED EXPENSES				**$885.01**	
(Approximate Range per Acre : $380 to $1050)					

Yield* (Lbs./acre) Required to Obtain Desired Returns

At Different Price Levels, Assuming .... **$620.38** **Variable C** **$264.63** **Fixed Cost**

Returns Above Specified Expenses / Specified Expense(s)→	EFFECTIVE FARM PRICE (Cents/LB)				
	0.65 Var.	0.65 Total	0.70 Var.	0.70 Total	0.75 Var.
	Pounds Per Acre				
$0 (Break even)	954	1362	886	1264	827
$50	1031	1438	958	1336	894
$100	1108	1515	1029	1407	961
$150	1185	1592	1101	1479	1027
$200	1262	1669	1172	1550	1094

* **PRODUCTION COSTS ARE CONSTANT FOR THIS TABLE**

U.S. COTTON ACREAGE– USDA's March Prospective Plantings Report indicates U.S. producers intend to plant 10.51 million acres of cotton in 2010/11, up 14.8% from the previous year. Upland area is projected to be 10.32 million acres, up 14.5% from 2009/10 while ELS area is projected at 190,000 acres, a 34.1% increase. The NCC's planting intention survey, released in early February, indicated U.S. farmers intend to plant 9.92 million acres of upland cotton and 176,000 acres of ELS cotton.

Projected upland area in the Southeast of 2.39 million acres represents an increase of 26.4% from the previous year. In the Mid-South, projected plantings of 1.73 million acres represent an increase of 6.3%. The largest acreage increase is expected to be seen in the Southwest in Texaswhere producers intend to plant 600,000 more acres of upland cotton than planted in 2009/10. Out West, producers intend to plant 320,000 acres of upland cotton, up 29.8% from last year.

U.S. COTTON PRODUCTION – In its April report, USDA estimates that the U.S. produced a crop of 19.2 million bales in the 2007 crop year. For 2008, the USDA forecast U.S. production at 12.8 million bales. A slight drop is projected for the 2009 crop with production falling 670,000 bales to 12.2 million bales. USDA released 2010-11 projections during last month's Agricultural Outlook Forum. U.S. production is estimated to be 16.00 million bales for 2010-11.

U.S. COTTON SUPPLY – InUSDA's April report, USDA estimates production at 19.2 million and beginning stocks of 9.5 million for the 2007 crop year. Combined with imports of 10,000 bales, this gives total supplies of 28.7 million bales for the 2007/08 marketing year.

For the 2008 crop year, combining projected production with expected beginning stocks of 10.0 million bales results in a total U.S. supply of 22.9 million bales. This is down more than 5.8 million bales from the 2007 level.

By adding beginning stocks of 6.3 million bales to the roughly 12.1 million bale crop, USDA believes total U.S. supply will drop roughly 4.4 million bales to 18.5 million bales in 2009.

For the 2010 crop year, combining projected production of 16.0 million bales with expected beginning stocks of 3.0 million bales results in a total U.S. supply of 19.0 million bales. This is up slightly from the 2009 level.

U.S. COTTON DEMAND – Moving along, we'll focus on U.S. cotton demand.

U.S. RETAIL FIBER CONSUMPTION –Net domestic consumption is a measure of the U.S. retail market's size. It measures both cotton spun in the U.S. (mill use) and cotton consumed through textile imports. Total fiber consumption in 2009 was 43.0 million bale equivalents. Cotton's share of net domestic consumption decreased 1.0% this past year to 43.0%, which translates to 18.6 million bales. As for 2010, NCC projects net domestic consumption of all fibers to increase to 45.9 million bales. With a projected share of 43.1%, cotton's net domestic consumption is projected to be 19.8 million bales.

COTTON'S SHARE OF CONSUMPTION – While it is important that the retail market continue to grow, cotton must also be concerned with its share of the market and the competition from manmade fibers. During the past few years, cotton's share of the U.S. retail market had generally been on the rise. In 2002, cotton's share reached just over 43%. The higher prices of 2003 were met with some shifting from cotton to other fibers. As a result, cotton's share of the retail market dipped. However, in 2006 cotton's share of the retail market climbed back up to 43.1%. For 2007, cotton's share of the retail markets remained roughly unchanged at 43.1%. For 2008, cotton's share of the retail markets reached the 44.0% mark. In 2009, cotton's share has fallen back to just over 43%.

U.S. RETAIL COTTON CONSUMPTION (HISTORICAL) - Imported goods make up the largest portion of U.S. net domestic consumption. However, for the second time since 2001, imported cotton textiles declined from 20.5 million bale equivalents in 2008 to an estimated 18.4 million in 2009.

U.S. COTTON TEXTILE IMPORTS - Increasing imports over the past several years have devastated the U.S. textile and apparel industries. While cotton textile imports did not increase in calendar 2009, they still made up almost 99% of U.S. net domestic consumption of cotton. Imports of cotton goods in 2009 are estimated to have diminished by over 10.0% to 18.4 million bale equivalents. In calendar 2010, NCC projects cotton textile imports to increase to 19.5 million bales.

U.S. COTTON CONTENT - For imports, it is important to consider that a significant portion of imported goods contain U.S. cotton. Since much of what the U.S. exports to the NAFTA (North American Free Trade Agreement) and the CBI (Caribbean Basin Initiative) countries is in the form of fabric and piece goods that come back in the form of finished goods, the trade gap is not as wide as implied by gross imports and exports. NCC analysts estimate that 26.8% of all cotton goods imported in 2009 contained U.S. cotton. This is a 1.2% decrease over the previous year. In bale equivalents, these imported cotton goods contained over 4.9 million bales of U.S. cotton. This is due, in large part, to our trading partners in NAFTA and the CBI.

COTTON TEXTILE TRADE WITH MEXICO - Imports from Mexico in 2009 are estimated at 1.3 million bales, down approximately 13.7% from the previous year. This marks the ninth straight year in which imports from Mexico have declined.

COTTON TEXTILE TRADE WITH CBI – Imported cotton goods from CBI for the year are estimated at 2.3 million bale equivalents, down 21.9% from the previous year.

COTTON TEXTILE IMPORTS FROM CHINA (HISTORICAL) - For the fifth consecutive year, China was the largest supplier of cotton textile imports into the U.S. Also, China was one of the few countries who showed an increase in their cotton product imports into the U.S. in 2009 compared to 2008. Total cotton product imports from China increased slightly to an estimated 5.8 million bale equivalents in 2009, up 7.3% from 2008 and up 600.9% from 2001 when China entered the WTO. China's share of imported cotton goods in the U.S. market accelerated from 11.3% in 2004, 21.2% in 2005, 25.6% in 2006, 30.2% in 2007, and 29.5% in 2008 to 31.3% in 2009.

CALENDAR MILL USE - Mill use of cotton declined for the twelfth consecutive year in calendar 2009 and is 3.3million bales, 24.4% below the amount consumed in 2008. For calendar 2010, NCC forecasts domestic mill use of cotton at 3.5 million bales.

CROP YEAR MILL USE – USDA's latest estimate for mill use in the 2008 crop year is 3.6 million bales. Current estimates are 3.5 million bales for the 2009 crop year. Mill use is projected to fall to 3.4 million bales in 2010. *

U.S. COTTON PRODUCTION & USE- Pulling the U.S. balance sheet together for 2007, we see that exports improve and mill use remains under pressure. Looking ahead to the next marketing year, USDA expects exports to weaken while both U.S. production and mill use continue to fall. For 2009, USDA expects exports, mill use and production to continue to fall. U.S. production is estimated to be 16.00 million bales for 2010-11. Mill use is set at 3.40 million bales while exports are reported to increase slightly to 12.60 million bales.

WORLD MARKET – Exports of U.S. cotton will be dependent on conditions in the world market.

CHINA COTTON SUPPLY & USE – For 2008, USDA estimates that Chinese mill use will be 44.00 million bales.

In '07, production approached 37.0 million bales. For '08, USDA forecasts production will fall to 36.7 million bales. These projections imply a good size differential between production and mill use, leading to imports of 7.00 million bales.

Looking forward for China, production is expected to drop to 31.5 million bales